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understanding Professor Patten's searching analysis of the effect of protection upon consumption and ultimately upon production and rent.

On the whole, the book has many merits. We have in it one of the best statements of the free-trade position yet attempted. But it disappoints in not ending as it starts out. It promises more than it can perform. It attempts frankly to recognize the recent currents in economic thought, but it ends in stating, with perhaps a differently distributed emphasis, the long familiar arguments for free trade.

EDWARD ALSWORTH ROSS.

Der Grossbetrieb. Ein Wirtschaftlicher und Socialer Fortschritt.

Eine Studie auf dem Gebiete der Baumwollindustrie. Von Dr. GERHART VON SCHULZE-GÄVERNITZ. Leipzig, Duncker und Humblot, 1892. — 8vo, 281 pp.

England still remains the favorite field for detailed economic investigation on the part of young German students. Dr. Schulze-Gävernitz made his scientific début in 1890, by a remarkable study of English social doctrines in his *Zum Socialen Frieden* (reviewed in this QUARTERLY, vol. vi, p. 348). He now leaves the domain of abstract discussion and appeals to the facts of industrial life, in order to test the accuracy of certain doctrines. His methods are the same, his style is equally clear and engaging and his results will no doubt command the same assent and popularity as those of his previous work.

The mooted point of doctrine is this: What is the connection of high industrial development with the welfare of the laboring classes? What is the importance to the community of a high or a low standard of life among the laborers? Are high or low wages the best for a country competing with other countries? Dr. Schulze-Gävernitz gives an interesting sketch of the history of the doctrine. On the one hand Petty, Temple and Houghton uphold the necessity of high taxes on consumption and of long hours of work, in order that prices of food may be high and the laborers compelled to work; since cheap food and leisure imply laziness and intemperance among the laborers. On the other hand Child, Postlethwait and Foster demand high wages and cheap food, from the standpoint both of the laborers and of general industry. The author then discusses Adam Smith's and Ricardo's theories of wages and shows once again how the latter became the foundation of modern socialism and the iron law of wages. Finally he calls attention to the recent change of theory, ascribing the main importance to Brentano's onslaught on Ricardo. The modern theory, he thinks, as supported by the "practical men," like our Atkinson and Schoenhof, holds that high

wages are the concomitants of low cost of production, and that the highest industrial development involves the advance of the standard of life. The author puts the query whether the old theory is always false and the new one always true, and intimates that each may be true in its time. Brassey, one of the staunchest advocates of the new theory, denies its application in India. He tells us that whereas in England high wages increased the efficiency of the laborer, in India, on the contrary, his experience was to the effect that higher wages decreased the efficiency of the laborer. Dr. Schulze-Gävernitz thus resolved to test the question for himself and to ascertain how far the new doctrine is true under modern conditions.

The occupation he takes as a test is the cotton industry. The larger part of the work is thus a history of the development of the cotton trade and its situation at the present time. For the history reliance is placed chiefly on the works of Ure Baines and Guest, as well as on the various Parliamentary committee reports. His account of the present situation is largely based on the results of personal investigation. Attention is called not so much to the statistics of industry, as to the influence of the highly developed occupations on the various social classes. The author finds that at the beginning of the century there was much that seemed to give a basis for Ricardo's and Karl Marx's conclusions. Modern industry on a large scale did indeed at first tend to enrich the employer and impoverish the workman. The first stage of *la grande industrie* did imply high cost of production, dear labor and dear capital, high prices and high monopoly profits, low wages and class antagonisms. But this was only the first stage, due to the disruption of old ties and the demolition of the old industrial fabric. International competition brought about the second stage. Continual cheapening of production became absolutely necessary. Cheapening of production involved cheap capital and cheap labor. But cheap labor now no longer meant low wages. For higher wages meant greater power of consumption, and greater consumption meant better work and less cost. This explains the rise of wages, the relative fall of profits and the introduction of labor-saving machinery, which is the sign of all highly organized industries. In other words the great industries of modern times, instead of showing, as the socialists imagine, that the rich are becoming richer and the poor poorer, are really the best guarantee of the increase of wages and the fall of profits. Modern industry carries within itself the solution of the social problem.

Dr. Schulze-Gävernitz seeks to base his conclusion on a careful comparison of the cotton industry with other less developed industries, and of English with German conditions. Wages in the cotton industry in Lancashire *e.g.* are far higher than in the less advanced silk industry in

Macclesfield. The whole social condition of the silk laborer is far lower than that of the cotton laborer—about what the latter was thirty to forty years ago. And the relations between employer and employed show the same difference. Again, the German cotton operative is in a far lower condition than his English brother; but in the silk industry the conditions are reversed, and the German standard of life is higher than the English. England's great superiority lies in those industries where raw material plays a relatively small, and labor and capital a relatively great rôle. But wherever an industry on a large scale becomes a truly international one, producing in large masses, profits will gradually fall and wages gradually rise. The salvation of the laborer will therefore be found in the development of capital and highly organized industry.

E. R. A. S.

The Effects of Machinery on Wages. By J. SHIELD NICHOLSON, M.A. New York, Scribner's Sons, 1892. — 143 pp.

This is an essay which took the Cobden prize given by the University of Cambridge, England. It is excellently printed, with double leads, on heavy-toned paper, and indeed bears all the marks of a prize essay. It was first written in 1877, and it well illustrates the confusion into which England had been thrown on economic questions, and especially as to wages, by Mill's abandonment of the wages-fund theory and the announcement of Jevons's doctrine of final utility.

Mr. Nicholson appears to be somewhat conscious that a disturbed state of mind is reflected in the book; for in his preface he asks not to be regarded as a pessimist, evidently feeling that his text would be likely to create such an impression. He makes repeated announcement of his adherence to the historical school, but seems not to have reached any philosophic view of the history of his subject. The neutralizing influence of his repeated qualifications of statements reminds one of Professor Marshall. He takes pains so to balance advantages against disadvantages as generally to leave the reader in doubt as to what his definite views on the subject are.

He sees, as no one could help seeing, that machinery has been of great benefit to the community in cheapening the necessities of life, but he struggles very hard to represent these advantages as neutralized, in case of the workingmen, by a commensurate increase of toil and oppressive conditions. In support of this view he quotes that oft-repeated pessimistic assertion of John Stuart Mill, that "labor-saving inventions have not lightened the toil of any human being," — a statement which never was true, and the citation of which at this late day by a professor